

Application number: 09/628098

Art Unit: 3624

Applicant: Khai Hee Kwan

Examiner: Thu Thao Havan.

Title: Computer System and Method for online display, negotiation and management of loan syndication over computer network.

REMARKS

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Claim 1,21,26

Claim 1 is the broadest claim and is representative for 21,26.

10 Applicant respectfully disagrees with the Examiner's assertions that both Herskorn and Cornelius (US Pat 7069234) meets all the limitations. Specifically, the examiner asserts that Herskorn discloses all the elements except for 'for an online comment from one or more second entities about conditions and terms....' which is alleged found in Cornelius. The examiner concluded that it would be obvious by using these two references.

15

The applicant submits the complete element is "in response to said requirement, said first entity receiving an online comment from one or more second entities about conditions and terms of said loan opportunity over said network;" In short, attention must also be paid to "in response to said requirement" which is the trigger to receiving comment.

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The applicant respectfully submits that in order for obviousness to be met under 103(a), the examiner is required to provide some suggestion or motivation. For example the fact that references can be modified or combined is insufficient. In re Rouffet, 149 F.3d 1350, 1357 (Fed. Cir 1998). Moreover, the fact that the modification or combination would be within the ordinary skill in the art, by itself is insufficient. Al-Site Corp v VSI Intern., Inc, 174 F.3d 1308, 1324 (Fed Cir 1999); Ex parte Levengood, 28 U.S.P.Q. 2d 1300, 1302 (Bd. Pat. App & Inter. 1993). The examiner needs to show the additional step of how this knowledge of the skilled artisan leads to the suggestion or motivation.

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In this respect, the examiner provided no motivation and merely conclude by stating “Therefore it would have been obvious to one of ordinary skilled in the art to implement an online comment from one or more second entities about conditions and terms of said loan opportunity over a network in a negotiation system as discloses in Cornelius”. The applicant respectfully submits that a reasoning as to why to include such a feature is required to combine with Hersckorn which teaches a loan trading system employing matching of bids/offers (Col 1, line 9) . Specifically, would a trading system in Hersckorn designed to match bids/offers have any use to receive on-line comments from its buyers and sellers in regards to each other transactions in view to syndicate ? The examiner provides no answer here.

Secondly, there is no connection between trading loan (Hersckorn) and negotiating terms of trade (Cornelius) with syndicating loan (this application) and hence one ordinarily skilled in the art would not have seek Hersckorn and Cornelius in combination. This can be seen by defining the problem found in each of the prior art; Hersckorn was looking to match buying and selling of loan while Cornelius was looking to provide a way for buyer and seller to negotiate their terms of trade. In contrast, this application is looking for a method to agree to terms and condition of loan opportunity with more than one entity.

The examiner also states that Cornelius provides “Email/Comments/Contact Merchant-- Providing mechanisms where the user can easily contact the site is a good practice. Valuable input and comments can be gained from the actual users. Some implementations may allow users to rate site content.” The examiner did not provide citation and the applicant presumes this is taught under Col 211 line 41.

It is submitted that while Cornelius teaches using sending emails/comments to merchant, this is only so as a measure of making the website more accessible by the users as compare to a brick and mortar as part of the enhance customer service (See Col 211 line 7) or experience. Cornelius also provided Fig 109 to illustrate features that will improve

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the web site visitor's experience, in this case under Help and Information. There is absolutely nothing in Cornelius to show that such a feature is available for entities for the purpose of improving respective conditions and terms of a loan with said other entities by online comments. Furthermore, the claimed invention requires the first entity to receive
5 such online comments in response to said (posted loan syndication available to ALL online) requirement in element 2 which is not found in Cornelius' trade negotiation system. It is doubtful that terms of trade between two entities as per Cornelius will be available online in such a way as to invite comments from others. There is no suggestion or teaching by Cornelius that sending emails/comments to merchant is in response to a
10 posted requirement.

Cornelius; Col 3 lines 33-55 shows "The present disclosure provides for initiation of an agreement utilizing a network. First, a buyer and a seller are allowed to negotiate terms of trade utilizing a network. A form is received from the buyer indicating the terms of trade
15 utilizing the network. Also received utilizing the network is an identifier of the buyer." In particular, Cornelius' teaching is for negotiate TERMS OF TRADE and not as claimed "conditions and terms of a loan opportunity" .

Furthermore, the examiner states Cornelius uses a document check list (Action Letter
20 page 3). The applicant believes this is found in FIG 30 as the examiner provided no citation. Accordingly, a document checklist is used to in creating a finalized document relating to a transaction (See FIG 26 and 27). There is nothing to show such checklist is connected with online comments. It is well known that a checklist is merely to ensure the listed requirements are not missed in any submission. Therefore, the presence of a
25 checklist by itself could not mean "online comments".

Referring to Cornelius Figs 7, 8 explains how V-Trade works but no mentioned of any online comments. Fig 58 of Cornelius refers to "illustrates another embodiment of the process for creating solutions to specific needs during a buy and sell process". The

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examiner uses both to attempt to show ‘negotiation’ during the buy/sell process. The applicant respectfully submits that neither concurs with the examiner’s findings. In Fig 58 (barely readable), under Negotiate & contract Trade ie BOX numbers known as operation 5804, under buyer one can read :-

5

Obtain credit facility

- Open Acct
- Document Collection
- Other

10

Finalize purchase details

- Legal/Regulatory Issues
- Contract Type
- Title Transfer details
- Quality Test Methods
- Other Conditions

15

Negotiate Trade Financing

Issue Purchase Order

20

Record Backoffice transaction Accts Payable

On the seller side, we have as headings - Finalise purchase details, negotiate trade financing and commit inventory & record backoffice transactions, A/R Inventory ERP etc

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It is clear from the above, Cornelius’ negotiation does not reveal negotiations with plurality of entities to form a syndicate. Cornelius only teach of one to one negotiation for terms of trade.

All claims limitations must be taught by both references.

30

Our first element or step refers to “receiving a request to post a requirement to syndicate a loan facility by a first entity over a network”. The examiner provided Col 1, lines 5-23.

These teaching collectively informed one skilled in the art of the background for Herschkorn’s invention. He started by stating his invention is for loan trading and using a matching system or by auction (See background). Col 1, line 12-23 provides some

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background information about how loan is created by syndication invoking the words "... arrange bank loans in facilities provided by a group of banks and financial institutions, otherwise known as a syndicate. Bank loans typically consist of term loans and revolving credit facilities (also known as revolvers). " It is important to recognize that Herschkorn is telling the reader that the loans traded on his system are syndicated which begs the question "If the loans in Herschkorn system are ALREADY syndicated then why is there a need to post a requirement to syndicate a loan as claimed ?"

The applicant respectfully submits that Herschkorn made no further mention how syndication of loans is performed over a network. As noted, Herschkorn deals with loan that is already created or executed which can be traded as opposed to syndicating a loan. See Col 4, line 63-67 "Bank loan information (e.g., borrower and tranche) regarding bank loans for trading are posted to potential buyers and sellers, sellers and buyers enter offers and bids, respectively, for posted loans and the offers and bids are then posted to all potential buyers and sellers." As Herschkorn's invention is loan trading and NOT syndicating a loan, there is no evidence to show that "posting a requirement to syndicate a loan over a network" has been met.

Our second element refers to "displaying information about said requirement accessible by a plurality of entities over said network,". While we agree that Herschkorn shows displaying some information but that does not mean this must necessarily shows the information displayed is a requirement to syndicate a loan opportunity as claimed . As mentioned, Herschkorn teach of a loan trading system which naturally display information about a loan being offered as contrast from a requirement to syndicate a loan opportunity. The examiner provided Col 3, line 25-54 which explains trading websites of traded securities which have already been created. The examiner also relied on Fig 1,2,3 and 5 and suggested that Herschkorn disclosed loan negotiations. The applicant respectfully disagrees. Fig 1 shows matching of loans being offered (ie matching the bid to any offer). This is usually an automated system found in most trading system without

any room for negotiation directly with the entities and certainly a matching routine is more efficient than having to negotiate given that negotiation must necessarily means the minds of the buyer and seller have not meet on the price or terms yet. For example Herschkorn details at Col 5 line 29, “As a feature of this aspect, a match exists when bids
5 and offers for the same loan with the same price have a common possible fill amount.” This clearly shows that matching can only occur when you have same price and common possible fill amount which are NOT negotiable.

Fig 2 shows the loan that is being offered (some are in parts) but again these information
10 being displayed are not necessarily showing entities wishing to originate a loan by syndication.

Fig 3 shows the criteria to trade a loan. Although it is displayed but this again fails to show the information necessarily for a loan to be syndicated.

15 Fig 5 shows making an order to bid or offer again referencing purchasing or selling a loan BUT not syndicating one.

Our third element “in response to said comment, enabling said first entity to negotiate
20 said conditions and terms with said second entity or other different second entities over said network about committing at least a portion of said loan opportunity in aggregate with different entities forming a loan syndicate;” appears to be different to what was discussed by the examiner at page 3 of this instance action letter which reads “enabling first entity to negotiate with second entity over a network about committing at least a
25 portion of said loan facility”. The applicant submits the examiner has copied a previous version before incorporating the amendments as per July 13 2006 and hence this element in full has not been meet. Furthermore, even if Cornelius teach negotiation this is only for a ONE to ONE negotiation (See Summary of the Invention, Col 3line 35) while our

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claimed element requires negotiation with one or more in order to form syndicate- “said second entity or other different second entities.....forming a loan syndicate”.

5 Lastly, neither Herschkorn nor Cornelius show that the loan opportunity is pending agreement and one of entities is loan syndicator (as currently amended). It is well settled that neither prior arts teach loan syndicator negotiating with other entities.

Subject matter as a whole.

10 It is clear that the subject matter for syndicating a loan by negotiating with other entities by sending comments as claimed is not found in either teachings or in combination. The examiner has failed to show how syndication of a loan is obvious in view of loan trading WITH negotiating terms of trade when there is no teaching to connect both arts, nor is there any reason why one skilled in the art of electronic loan trading find any motivation
15 to modify to originating a loan by syndicating means. Therefore, prima facie has not been satisfied.

The applicant’s current amendments merely correct some antecedent errors. The applicant respectfully seek these claims to be allowed.

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Claim 2, 24,

These claims include the anonymity element. The examiner provided Col 3, lines 4-12 and lines 59-61. We have quoted from Herschkorn as “Interdealer brokers match trades
25 between dealers only. The interdealer brokers will market bids and offers, also known as offerings, to the dealers without disclosing the name of the potential buyers and sellers until a bid and offer is matched. The interdealer brokers will market the offerings to dealers either through telephone contact or through the posting of offerings on terminals connected via a direct telephone line to the interdealer broker's computer system. The

interdealer broker systems do not use the Internet for transmission.” (lines 4-12) and
“These systems can be broken down into dealer systems that allow users to trade only
with dealers, but not with each other, cross-matching systems that allow users to trade
with each other anonymously, primary market bidding systems that allow users to bid
5 directly on new issues, and a direct issuance system that allows investors to buy securities
directly from the issuer. Limited information is available on most of these systems as
access is limited to authorized users.” (lines 58-61)

As can be seen above, Hersckorn is describing dealer systems for loan trading where
10 users (other than dealers) having NO access to the dealer system but nothing is shown for
syndicating a loan where the entities are anonymous. Obviously when a dealer system is
being used, the identities of users who are employed a dealer is unknown other than to
dealer. Furthermore while it suggests users are anonymous it does not suggest DEALERS
are also anonymous. In our claimed invention the entities (loan syndicator and lenders)
15 using the system are anonymous while Hersckorn merely suggest users having no access
to interdealer network are anonymous because their trades are being brokered by dealers
who have access to said interdealer network. To reach our claimed element, Hersckorn
has to teach dealers are anonymous as well.

20 The applicant respectfully submits these claims are allowable.

Claims 3, 23 and 33.

This claim refers to ‘feedback routine’.

25

The applicant respectfully disagrees with the examiner assertion that “news” constituted a
feedback. The examiner provided evidence in Col 3 lines 30-53 and we have reproduced
the pertinent issues here “The only differentiation between website-based stock brokerage
sites lies in the amount of information to which the users have access. For example, some

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websites may provide current news and financial statistics, others may include historical data and others may provide analyst research reports”. The examiner provided no reasoning to inherently show that these reports, news, financial statistics, historical data are of the ‘feedback’ type nor are they submitted by the entities.

5

See our Fig 5 &7 (see where we have included “80 satisfactory feedback and 20 complains” to show the system providing feedback in terms of satisfaction/complaint by entities)

10 Applicant respectfully ask the examiner to allow the claims.

Claim 4 , 28 and 34.

15 These claims deals with ratings feature. For unknown reason to the applicant, the examiner seems to have ignored claims 28 and 34 and grouped 28 under ‘updating’ feature found in claim 8 ? Since claim 28 and 34 are essentially the same except for class, the applicant has grouped them with 4.

20 The examiner provided col 4, line 63 to col 5, line 68 and figs 6e-6f.

Col 4, line 63 to col 5, line 68 shows a summary of Hersckorn’s loan trading system but nothing on ratings.

25 Fig 6e-6f only shows the flow chart of loan trading but nothing on ratings.

The applicant submits the claims should be allowed.

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Claim 5 and 22 and 29.

Auction Feature for a loan syndicate.

- 5 The examiner has grouped claim 29 under claim 8 ‘updating feature’ group which is in error. The applicant has grouped 29 here as it properly reflects ‘auction’ feature.

The examiner provided col 16, line 48 to col 18 line 67 , col 4 line 54-56 and col 6 lines 35-46)

10

The applicant submits that while Hersckorn teaches auction and auction is old in the art, it does not suggest selecting more than one entity to form a loan syndicate using auction method. It is also well-known that generally auction usually have only a single winner see Ebay.com.

15

Firstly selling of loan as taught by Hersckorn (see Table 6) does not necessary show placing loan commitment to form a syndication. As the applicant had mentioned, Hersckorn has only made three sentences in his entire specification mentioning syndication or syndicate and we quote “Large corporations and trusts arrange bank loans in facilities provided by a group of banks and financial institutions, otherwise known as a syndicate. “ and “A revolver provides a commitment from the syndicate for the borrower to draw upon a set amount of money until the maturity date. “ and “An administrative agent provides the processing of paperwork and movement of funds associated with a bank loan on behalf of the syndicate and the borrower. “ which by themselves are

20

25 insufficient to inform one skilled in the art of using auction method to select more than one entity forming a syndication. The examiner placed no reasoning on record to show that buyers in Table 6 must necessarily form a syndicate to buy the loans. Table 6 shows buyers wish to buy loans at the average price which fulfill the total amount of the loan but they are not forming a syndicate to do so.

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“In relying upon theory of inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied art.” Ex parte Levy, 17 USPQ2d 1461, 1464 (BPAI 1990).

Hence if the examiner is depending on inherency, this could not be established by mere probabilities or possibilities. (In re Robertson, 169 F.3d 743,745,49 USPQ2d 1949, 1950-51 (Fed Cir 1999).

Since the limitations cited above have not been meet, applicant respectfully ask the examiner to allow the claims.

Claim 8, 31, 36

The element “updating online electronic documents incorporating said negotiated conditions and terms before creating the loan syndicate by agreement.”

The examiner provided col 13, line 35 to col 15 line 40 and col 7 lines 34-67 and figs 4b-4d and 5.

Col 13 line 35 to col 15 line 40 deals with unfilled portion of the loan which is not related to adapting negotiated terms. Pertinent to this is a determination method taught by Herskorn of repeating the matching process. (See line 48-50 of Col 13) Because loans are traded in Herskorn, then its terms cannot be adapted further as the loan is executed. This is reiterated by Herskorn in col 15 line 20-35 where it states that the seller has to confirm that no violation of the loan document in terms of the maximum assignment of the loan. Hence with this in mind, it would be difficult to suggest one can even update

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electronic documents incorporating any changes for the purpose to create the loan syndicate by agreement.

As for col 7 lines 34-67, this shows the digested information pertinent to the loan as
5 displayed but again nothing suggesting updating negotiated terms of loan. Figs 4b-4d
shows the steps of trading and Fig 5 repeats the confirmation page which again shows the
seller agreeing that he has not violated any terms on the credit document. This clearly
shows that said credit document cannot be altered or updated or amended or incorporate
any conditions else why would there be a need for Hersckorn's seller to acknowledge he
10 is NOT violating any terms if terms can be amended at will.

See also at Abstract where it teaches as one of Hersckorn's feature and we quote "If an
order can be filled, the system and method provide various confirmation techniques to
ensure that a resultant trade does not violate the terms of the bank loan itself." (
15 underlined mine)

Applicant respectfully ask the examiner to allow the claims as it is clear that Hersckorn
did not teach updating electronic documents given the inherent logic that once a loan is
created it could not be altered.

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Claim 25.

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The examiner provides that claim 25 concerns with updating documents (see page 4) and
have bundled this claim with claim 8, 26 and 28-31. The applicant respectfully asks the
examiner to recheck as it does not appear to be the as grouped.

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As can be seen above, claim 25 has nothing to do with updating documents and therefore the examiner's evidence is misplaced. As claim 25 has elements combined from claim 1 and claim 4 embodied on a computer readable medium, the applicant submits the same rebuttal as per claim 1,4 above for this purpose to ask for allowance.

5

NEW Claims 37, 38, 39

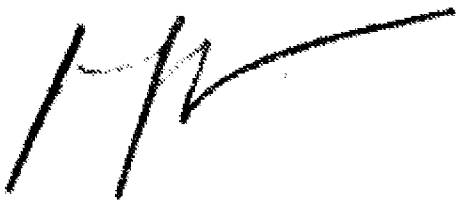
As the applicant has cancelled claims 6, 30, 35 in this amendment, the applicant has also added NEW claims 37,38,39. These claims seek to claim determining the best offerings in terms of a risk return matrix satisfying at least both the minimum borrowing cost and total amount sought criteria plus receiving accept or reject to said offerings. The support for this is found in page 6 of specification. Since Hersckorn is not about loan syndication then it could not show a risk return matrix satisfying both the minimum borrowing cost and total amount sought criteria. Applicant respectfully ask these claims to be allowed.

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In ending, if the examiner agrees there are clearly patentable subject matters found in our claimed invention but does not feel the present claims are technically adequate, applicant respectfully request the examiner writes acceptable claims in pursuant to MPEP 707.07(j).

20

Yours truly,

A handwritten signature in black ink, appearing to be 'KH' followed by a stylized flourish.

25

Khai H Kwan
Customer Num 023336